



China | Consumer

18 November 2025

Man Wah Holdings (1999 HK)

1HFY26 NP increased by 0.6% YoY on higher GPM

Topline down 3.1% YoY to HK\$8.04bn

Man Wah reported its Sep-ended 1HFY26 results with top line declined by 3.1% YoY to HK\$8.04bn mainly due to a MSD YoY drop in both sofas and bedding sales. GPM increased by 0.9ppt YoY to 40.4%. The improvement in overall GPM was mainly attributed to the declining RM prices, including a YoY drop of 10.4%/ 9.8%/ 6.8%/ 2.6% in average unit cost in leather/ chemicals / steel products/ fabric during 1HFY26. S&D cost ratio was up by 0.9ppt YoY to 19.1% during the period as i) tariff tax to US increased from HK\$6.7m in 1HFY25 to HK\$78.8m in 1HFY26 on tariffs imposed on Vietnam by US during the period; ii) A&P cost ratio up from 2.5% in 1HFY25 to 2.8% in 1HFY26 on the back of increased promotion in online platforms, and iii) domestic transportation as a % of revenue was up from 2.4% in 1HFY25 to 2.8% in 1HFY26 on with higher online sales by sales volume. Admin cost ratio was up from 3.8% to 4.5% due to a out-of-court settlement of the litigation with a former supplier. As a result, NP increased by 0.6% YoY to HK\$1.15bn. The company declared its interim DPS of HK\$0.15 for 1HFY26, with payout ratio at 50.8%.

Revenue from China was down 6% YoY on weak demand for sofas

Revenue from China was down by 6% YoY to HK\$4.7bn with 7,040 retail stores by end of the period (end-Mar 2025: 7,367), accounting for 58% of total revenue. The decline was mainly due to the weak environment and intensified competition in the furniture market, with overcapacity emerging in the sofa industry. Sofa sales volume remained the same YoY, but ASP declined slightly YoY due to increase online sales percentage. The management believes the sofa retail market in China may have bottomed out, and future strategy would be to optimize its product mix to improve cost-performance ratio, and also devote more resources to online sales platforms. Revenue from NA/Europe & other market recorded a YoY increase of 0.3%/ 4.3% and accounted for 27%/ 9.5% of 1HFY26 total sales respectively. Meanwhile, Home Group enjoyed a robust 2.2% YoY sales growth due to increased demand in the European market and accounted for 4.6% of total revenue during the period.

Expects industry involution to persist for “at least two to three years.”

The company's global production footprint mitigates risks from tariff fluctuations, and with established production bases in Vietnam (capacity: 3,500 containers/mth) and Mexico (capacity: 1,000+ containers/mth), it enables localized supply to the U.S. and European markets, reducing export risks and minimizing tariff impacts. Man Wah is advancing a plan to spin off its smart machinery subsidiary “Rui Mai Technology” onto China's NEEQ (New Third Board), potentially sharpening focus and unlocking value over time; status to be monitored for timing/details. Management's near-term stance is “stability first” as it expects intense industry competition to persist for “at least two to three years.” The playbook centers on product-cost discipline, targeted promotions and store optimization to defend share and margins through the cycle.

The company is currently trading at 9.1x Mar-ended FY26 PE, which is at a deep discount compared to its A shares listed peers which are trading at an average of 12.7x FY25PE. Man Wah also does not look expensive compared to its historical 5Y avg PE of 12.1x.

NON-RATED

Last Price (HK\$)*	5.09
Target Price (HK\$)	N/A
Upside / (Downside)(%)	N/A
Previous rating	NON-RATED
Previous TP	N/A
Hang Seng Index*	25,997.20
* Prices as of mid-day close	18-Nov-25

Key Data

Ticker	1999 HK
Market Cap (HK\$m)	19,739
3M avg daily T/O (HK\$m)	26.3
52-week High (HK\$)	5.29
52-week Low (HK\$)	3.33
Free Float (%)	37.2%
Shares O/S (m)	3,878.1

Performance	Absolute	Relative
1 month	12.9%	9.6%
3 months	7.4%	4.0%
6 months	20.0%	7.8%

Price Chart



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Figure 1 Peers table (as of 17 Nov 2025 closing price)

Company	Ticker	Price	Mkt cap (US\$m)	3-mth avg t/o (US\$m)	P/E (x)		FY1-FY3 EPS Cagr (%)	FY1 PEG (x)	Div Yld (%)		P/B (x)		ROE (%)		ROIC Hist (%)	Share px chg (%)		
					FY1	FY2			FY1	FY2	Hist	FY1	Hist	FY1		1-mth	3-mth	12-mth
HSI		26,384			12.8	11.4	11.7	1.09	3.0	3.2	1.41	1.36	10.7	10.3		4.5	4.4	35.8
HSCEI		9,328			11.9	10.5	12.9	0.92	2.7	2.9	1.34	1.28	11.5	10.6		3.5	3.3	32.2
CSI300		4,598			16.2	14.1	14.0	1.16	2.4	2.7	1.79	1.71	10.2	10.7		1.9	8.5	16.4
Sector Average					12.7	11.3	12.0	1.2	4.9	5.2	1.7	1.8	8.0	14.3	6.0	10.9	6.8	15.4
Sector Median					13.1	11.3	9.2	1.3	5.2	5.7	1.8	1.7	11.7	13.9	7.5	8.9	5.3	9.9
Man Wah Holdings	1999 HK	5.20	2,594	3.4	9.1	8.6	7.1	1.28	5.5	5.8	1.48	1.43	15.7	16.5	11.3	15.3	9.7	9.9
Jason Furnitur-A	603816 CH	30.44	3,518	23.4	13.1	12.0	9.2	1.42	5.2	5.7	2.42	2.35	15.9	17.8	12.4	0.7	11.7	5.6
Suofeiya Home-A	002572 CH	13.58	1,840	20.8	12.4	11.3	9.0	1.38	6.7	6.8	1.82	1.69	16.0	13.9	9.3	8.5	(1.2)	(19.0)
Xilinmen Furni-A	603008 CH	19.17	993	28.0	15.7	13.7	14.6	1.08	2.9	3.2	1.82	1.74	8.9	11.2	5.5	8.9	17.0	7.0
Yotrio Group-A	002489 CH	4.06	1,239	22.0	N/A	N/A	N/A	N/A	N/A	N/A	1.88	N/A	14.9	N/A	12.2	16.0	4.4	26.9
Ue Furnitue Co-A	603600 CH	11.80	549	9.9	13.1	10.7	20.3	0.64	4.4	4.8	1.70	1.61	11.7	12.0	7.5	6.2	3.9	2.8
Der Future Sci-A	002631 CH	5.69	638	22.5	N/A	N/A	N/A	N/A	N/A	N/A	2.07	N/A	(8.0)	N/A	(6.6)	3.5	16.8	23.2
Guangzhou Holi-A	603898 CH	12.13	531	6.2	N/A	N/A	N/A	N/A	N/A	N/A	1.20	N/A	0.7	N/A	0.8	25.7	5.3	38.8
Qumei Home Fur-A	603818 CH	4.27	412	9.8	N/A	N/A	N/A	N/A	N/A	N/A	1.35	N/A	(3.9)	N/A	1.7	13.6	(6.4)	43.8

Source: Company data, Crosby Securities

Figure 2 Historical 5-year forward PE range



Source: Bloomberg, Crosby Securities

Figure 3 Historical 5-year forward PB range



Source: Bloomberg, Crosby Securities



Summary financials

Yr ended 31 Mar	FY 2023	FY 2024	FY 2025
Income Statement (HKD'm)			
Revenue	17,351	18,411	16,903
YoY%	(19.3)	6.1	(8.2)
Gross profit	6,678	7,248	6,844
YoY%	(15.4)	8.5	(5.6)
EBITDA	3,014	3,495	3,235
YoY%	(13.5)	16.0	(7.5)
Net profit	1,915	2,302	2,063
YoY%	(14.8)	20.2	(10.4)
EPS (Fully diluted)	0.488	0.591	0.532
YoY%	(14.1)	21.1	(10.0)
DPS	0.250	0.300	0.300
YoY%	(16.7)	20.0	0.0
Balance Sheets (HKD'm)			
Cash & Cash Equiv	3,738	3,274	4,006
ST Investments	344	246	74
AR	1,598	1,747	1,811
Inventories	1,617	1,712	1,608
Other current assets	1,117	1,126	833
Total Current Assets	8,415	8,105	8,333
PP&E	9,401	9,776	9,684
LT Investments	465	442	1,010
Other Non-curr assets	1,360	1,485	997
Total Non-Current Assets	11,226	11,703	11,691
Payables & Accruals	2,167	1,987	1,602
ST Debts	4,255	4,166	4,265
Othe current Liabilities	364	275	246
Total Current Liabilities	6,786	6,428	6,114
LT Debts	144	160	122
Othe LT Liabilities	183	145	138
Total Long-Term Liabilities	327	304	260
Shareholders' Equity	11,557	12,083	12,711
Minority interests	971	992	939
Total Equity	12,528	13,076	13,649
Total Debts	4,399	4,325	4,387
Net cash / (debts)	(661)	(1,052)	(381)

Yr ended 31 Mar	FY 2023	FY 2024	FY 2025
Cash Flow Statement (HKD'm)			
Net Income	1,915	2,302	2,063
Dep & Amort.	685	573	536
Working capital changes	1,203	(822)	154
Other adjustments	256	501	571
Cash From Operations (CFO)	4,059	2,555	3,323
YoY%	74.7	(37.1)	30.1
Capex	(1,561)	(1,569)	(1,041)
Other investments	(100)	31	(506)
Cash From Investing Activities	(1,661)	(1,538)	(1,547)
Free Cash Flow (CFO - Capex)	2,498	985	2,282
YoY%	588	(60.6)	131.6
Net change in debts	(209)	(74)	62
Shares issue & buyback (net)	(38)	(223)	2
Dividends	(1,256)	(977)	(1,163)
Others	10	(207)	55
Cash from Financing Activities	(1,491)	(1,481)	(1,044)
Opening cash	2,832	3,738	3,274
Net Changes in Cash	907	(464)	732
Closing cash	3,738	3,274	4,006
Ratios			
Gross margin	38.5%	39.4%	40.5%
Ebitda margin	17.4%	19.0%	19.1%
Net margin	11.0%	12.5%	12.2%
Payout	51.2%	50.7%	56.4%
Effective tax	21.1%	16.4%	19.5%
Ebit margin (%)	14.5	16.6	16.7
Interest burden (x)	0.93	0.93	0.95
Tax budren (x)	0.81	0.80	0.77
Asset turnover (x)	0.86	0.93	0.85
Leverage (x)	1.73	1.67	1.61
ROE	16.5%	19.5%	16.6%
ROIC	10.5%	14.0%	12.0%
Total debts / Total Capital	26.0%	24.9%	24.3%
Net debts / SH Equity	5.7%	8.7%	3.0%

Source: Company data, Crosby Securities



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